

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Uruguay

## Oilseeds and Products Annual

**2011**

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**Report Highlights:**

For marketing year (MY) 2011/12 post forecasts planted area for soybeans to reach 1.05 million hectares. Post estimates domestic crush for soybeans to increase due to national biofuels mandate aided by steady demand for meal for feed use. Crush is estimated at 75,000 tons for MY2011/12, at 60,000 tons for MY2010/11 and at 40,000 tons for 2009/10. Sunflower area will reach a record low of 4,000 planted hectares next year. Area is also lowered for MY2010/11 to 4,300 ha (down 15,700 ha from the official USDA estimate).

**Commodities:**

Oilseed, Soybean

Oil, Soybean

Meal, Soybean

Oilseed, Sunflowerseed

**Production:**

For marketing year (MY) 2011/12 post forecasts planted area for soybeans to reach 1.05 million hectares. This is an increase of nearly 5 percent over the Ministry of Agriculture's expected planted area for MY2010/11 of 1.0 million hectares. High prices of soybeans and good returns will continue to provide producers with incentive for expansion. Based on average yields of 1.8 tons per hectare, production is expected to reach 1.9 million metric tons (MMT).

For MY2010/11, Post forecasts harvested area at 950,000 hectares, up 50,000 hectares from the official USDA estimate. The Ministry of Agricultural reported in their spring agricultural survey, dated December 22, 2010, that planted area was to reach 1.0 MMT. January was a very dry month in Uruguay and the lack of rains especially impacted the double crop soybeans. This caused some to be planted very late and some fields needed to be replanted. Rains came in February helped to recover much of the first crop soybeans, even though some double crop soy never recovered. Contacts indicate that up to 5 percent of the area may not be harvested, leaving harvested area at 950,000. Of this, 600,000 hectares are dedicated to first crop soybean, which is currently in good condition. This year has been above average as far as pests and diseases are concerned and on average producers can expect yields of 1.9 tons/ha on the first crop soybeans. The double crop soy makes up the remaining 350,000 hectares and due to the previously mentioned complications, below average yields of 1.5 tons/ha are possible come harvest time. Based on this, post forecasts production for 2010/11 at 1.665 MMT, up 45,000 tons from the USDA official forecast. Although higher than previously expected, the average yields overall are still below average, especially compared to last year, 2009/10, when excellent yields of above 2.1 tons/ha were achieved on average throughout the country.

*Sunflowerseed and products:*

Planted area for sunflowerseed for MY2011/2012 is expected to remain close to the previous year around 4,000 hectares. With expected yields of 1.5 tons/ha, production will likely reach 6,000 tons. Likewise, for MY2010/11 area harvested is lowered to 4,300 ha (down 15,700 ha from the official USDA estimate). Production is expected to be around 6,750 tons. Sunflower production has decreased drastically over the past eight years since its peak production level in 2002/03 of 234,000 tons. The fungus phomopsis hit the crop hard and caused so much damage that within a few years, production was cut by over 65%. The disease has been controlled since then, but now the crop has another predator, pigeons. Pigeons are very hard to control and can ravish a crop, cutting

production by 25 to 50 percent on average. Many contacts indicate that they did not plant sunflower this year and don't plan to plant it in the coming years since it is too hard to manage with little gains.

**Consumption:**

Nearly all soybeans are exported and very little is left for domestic consumption and/or processing. In fact, Uruguay is a net importer of soybean oil and meal. Most oil is imported from neighboring Argentina for food use and meal is imported to meet the domestic feed demand for the livestock and dairy sectors. However, domestic capacity and demand for crush has increased in recent years due to construction of new crushing facilities and biodiesel plants in order to meet the national biodiesel mandate. The National Fuel Administration (ANCAP) published a law in 2007 (Ley N° 18.195) that mandates diesel be mixed with 2 percent biodiesel in 2011 and beginning 2012, the mandated mix increase to 5 percent (for more information on biodiesel, see the 2009 Uruguay Biofuels report). An estimated 50,000 tons of soybeans will go to crush for use in biodiesel production next year. Since the oil can come from any raw product, post contacts indicate that the majority of demand for oil for biodiesel production will come from rapeseed. Rapeseed has increased over the past couple of years, and even though the planted area is still relatively small, producers are investing more into production to meet the demand of the biodiesel industry. Rapeseed is a winter crop that competes with wheat (July planting, October harvest), has a higher crush ratio for oil than soybeans, and leaves the soil in great condition for soybean planting.

Crush is estimated at 75,000 tons for MY2011/12, at 60,000 tons for MY2010/11 and at 40,000 tons for 2009/10. Contacts estimate that soybean oil will be used for biodiesel production in the following quantities: 9,000 tons in MY2011/12, 5,000 tons in MY 2010/11 and 3,000 tons in MY 2009/10. Meal produced from domestic crush will go exclusively into animal feed.

**Trade:**

As previously mentioned, Uruguay exports over 90 percent of its soybean production as whole beans. For MY 2011/12, post estimates exports to climb to 1.89 MMT, above the MY2010/11 estimate of 1.6 MMT due to higher expected production. Exports for MY2009/10 are increased based on trade data through October 2010. Soybean imports are expected to remain minimal and steady at 20,000 MT for each of the three marketing years.

Imports of soybean meal are used for feed use. Contacts indicate that both the dairy and livestock sectors are doing well and demand for feed is expected to remain strong. Post estimates imports at 125,000 tons for MY2011/12 and adjusted imports downward for MY2010/11 and MY2009/10 to 125,000 tons each based on official trade data. Overall feed consumption is expected to grow supplemented by domestically produced meal, essentially left as a by-product from oil production for biofuels.

**Stocks:**

Uruguay holds no significant stocks of soybeans or soybean products.

**Policy:**

The 30 year old national conservation policy has been updated and will now require all producers to present a natural resources management plan to the Ministry of Agriculture. The idea is to effectively manage soil and

water conservation. In March 2011, a voluntary pilot plan was launched with select participants. In 2012 submission of these plans will be mandatory. Post contacts indicate that this could cause shifts in area and production in years to come, for example an increase in grain production for rotational/land management purposes.

### Production, Supply and Demand Data Statistics:

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